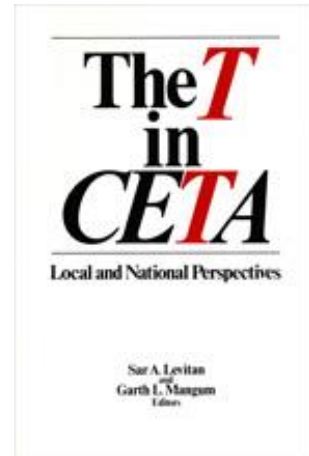




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Montgomery County, Maryland

A Born-Again Prime Sponsor

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Montgomery County, Md., located directly north of Washington, D.C., is one of the wealthiest counties in the nation. The suburban home of many of the nation's most influential policymakers, it is also the new home of growing waves of Asiatic and Hispanic immigrants who constitute a new CETA constituency. Although the minorities and the poor are less than 5 percent of Montgomery County's 600,000 population, their problems are often exacerbated because they are dispersed throughout the most affluent Maryland subdivision.

Montgomery County is part of the Washington standard metropolitan statistical area (SMSA), which also includes three cities and four counties in northern Virginia, the District of Columbia and two other Maryland counties. Although these areas are part of a geographically integrated labor market, no move has been made to encourage joint labor market planning. Montgomery County CETA managers have gone it alone although the 1970 census indicated that almost half of the area labor force worked outside the county of residence. This mobility has been aided by an effective highway network and the opening of parts of the 100 mile rapid rail METRO system. Until the METRO system is extended, however, the more remote pockets of need in northern Montgomery County remain isolated and underserved.

In 1979, local CETA officials were faced with the challenge of designing and managing a manpower delivery

system to meet the needs of a diverse and dispersed target population (very old and very young; rural black and new immigrants). In addition, they are preparing this population for an economy that seeks professional, managerial and “hi-tech” workers. At the same time, national policy changes increased their resources from \$1.9 to \$8.5 million in five years. Obviously, these local economic mismatches and national policy fluctuations produced serious management challenges and raised fundamental issues for the local CETA system. However, a review of the Montgomery County prime sponsorship provides some illustrative insights into some practical as well as policy issues for the employment and training system as a whole.

A brief recap of Montgomery County employment and training history helps to frame the issues.

Insulated organizationally within a social service umbrella department, the focus of our attention, the Division of Labor Services is one of four units in the agency, three reporting echelons removed from the County Executive. There is growing evidence that under new political leadership (elected in 1979), closely followed by new CETA leadership, much needed accommodations are developing to enhance interagency linkages and reduce local bureaucratic snags. There is growing awareness that the exigencies of CETA administration make political access, immediate response and quick signatures a necessity.

The initial response of the first CETA directorate to its new responsibilities under the decentralized system was to emulate the public employment service model—“only better,” as one Montgomery County staffer modestly described the operation. All comers were welcomed, as long as they had been unemployed a week. A fairly effective personalized jobmatching activity ensued. The pursuit of training was left to the individual. No participant allowances were

paid, so the motivated and interested enrollee was free to seek training from any of the proprietary schools operating in the greater Washington, D.C. area. The 33 schools subsequently selected were then reimbursed by voucher paid by the prime sponsor. Placement services after training were haphazard and outcome information was largely anecdotal. As can be imagined, the target population reached through this kind of a service/training buy-in system was generally well educated, white, and female. During the early CETA years in Montgomery County, management accountability systems were largely undiscovered and relationships with the regional office of the Department of Labor were comparable to the “Bickersons.”

The quadrupling of resource allocations under the economic stimulus package in May 1977 (“We were OK at \$1.9 million—but kinda blew apart at \$8 million”), closely followed by the constraining CETA amendments of 1978, brought the Montgomery County CETA system to a crisis.

Lack of fiscal controls had produced serious cost overruns in Title II-B; negligent monitoring resulted in severe underenrollments and underexpenditure in Title II-D; and general management deficiencies caused poor marks on the annual regional office assessment resulting in month-to-month funding. This pressure cooker finally exploded. Protracted debates and vitriolic exchanges with the regional office culminated in a threat to deobligate \$400,000 in unexpended public service employment funds. The newly elected county executive and congressional representatives were called into a rescue mission and promptly escalated negotiations to the national level. The low profile CETA system was suddenly thrust uncomfortably to front page news. Obviously, a new county executive was not overly pleased with this kind of notoriety. Not unexpectedly, the local CETA leadership toppled—and a new experienced team recruited from other

prime sponsors and other county agencies was assembled to restore peace, tranquility and order, and to create CETA in a new image for Montgomery County. The team was headed by a former local senior CETA planner who had intimate knowledge of the weaknesses and was able to chart the immediate work plan for the team with precision.

- Within six months, position and slot control systems were in place for public service employment management.
- Disbursement approval was linked to activity progress reports.
- Expenditure controls and fiscal reporting systems were established.
- The management information system was redesigned to provide the required participant tracking and STOP date warnings.
- An independent monitoring unit (IMU) was created and proceeded to initiate the concept of performance contract management.

By any standards, this evidence of administrative competence is impressive.

While the new team was attempting to get control of runaway expenditures, new enrollee intake was slowed to a trickle throughout fiscal 1980. The team concentrated first on building sound management systems. It next turned to the delivery system and made decisive moves to accommodate new CETA requirements mandated in the 1978 amendments.

These amendments to the original 1973 CETA legislation retargeted almost all CETA resources to the structurally unemployed. Strict eligibility requirements were established which factored in income as well as unemployment status. Managerial mandates were clearly articulated and included requirements for eligibility verification systems, client tracking systems, and independent monitoring units. Limitation

of enrollee participation to a fixed number of hours, weeks and months in various CETA-funded activities seriously hampered local decision-making authority and program designs. However, the new Montgomery County team made a conscientious effort to refocus the program to begin to serve the structurally unemployed.

Allowances are now available to all enrollees, making it possible for Montgomery County's truly poor to participate. The active involvement of the private industry council (PIC) has influenced training policy. Training offerings are based on local labor market needs and are offered in class-size modules. The concept of training has been broadened to accommodate the full range of employability development needs of a new group of enrollees. English as a second language, basic remedial education, motivational training, survival skills, and carefully chosen occupational skill training are now available. A new training infrastructure is developing as well. Local colleges, women's advocacy groups, proprietary schools, community-based organizations, private vendors, and the public schools are playing important roles. Training is taking place in plush office suites, store fronts, church basements and university laboratories.

In attempting to assess the training system funded by CETA in Montgomery County, quality guidelines were established. Apart from organizational design, intergovernmental relationships and other "esoteric" factors, it is generally agreed that faculty, curriculum, equipment and facility are key contributors to the overall quality of a training program.

In examining the six different examples of CETA-funded training in Montgomery County, careful attention was paid to the quality of the training staff. Did they display enthusiasm? Were they combat-weary? Did they know their field of instruction? Did they display concern and a sense of

responsibility for what happens to trainees “after training?” Both technical competencies and interpersonal skills were reviewed as well as field-tested in live training settings.

Good instructors need worthy program content in order to get results. Curriculum materials were examined with particular sensitivity to their relevance to the population being trained as well as relevance to the labor market to be served. Special note was taken when “canned” materials were employed or when and how new curriculums were tailored.

Where relevant to the training, the age and quality of equipment utilized were carefully noted. Broken or outmoded training equipment does not afford trainees transferable skills. Moreover, use of such equipment often sends a subtle negative message to trainees. Recent donations of useful equipment by employers often denoted close involvement and interest by the private sector.

The facility in which training is offered is not the key to ensuring good quality, but it certainly enhances the offerings. Two other more subtle factors were considered in making value judgments about Montgomery County’s training programs: the “atmosphere” engendered at the training sites; and any administrative constraints *or* incentives imposed by the prime sponsor that might affect the quality or results of training.

Basic Educational Training

Montgomery County Public Schools (Department of Adult Education) is the contractor for an intensive program of English as a second language, serving 75 clients in each cycle. The program coordinator depends upon word of mouth for staff recruitment and has successfully tapped the rich source of foreign service government workers and their families revolving through the Washington area to yield a team of ESL specialists with at least master’s degrees. In ad-

dition, the program activity recruits volunteers to assist in individualized instruction. An intensive curriculum planning session including a full week of orientation precedes the startup of the year's activities.

The contract makes a stab at establishing performance goals for the program. For example, it stipulates that enrollees will successfully complete the program by achieving one of the following:

1. English language proficiency commensurate with "enrollee's individual employment goal."
2. Placement in permanent, unsubsidized employment for seven continuous days or longer.
3. Enrollment in non-CETA funded academic or vocational training.

Behavioral Science Associates provide the adult basic educational services for the Montgomery County prime sponsor. The relationships and responsibilities between the contractor and prime sponsor in regard to referral, counseling and termination services are identical in all Montgomery County programs so the detailed interrelationship will not be described again. Suffice it to characterize those services as absentee in nature. The current Behavioral Science contract calls for service to 120 new participants over a 12-month period, with 24 at any given time. Actual enrollment levels have ranged from 6 to 31.

The small staff team meets regularly to work on tasks, solve problems and handle educational objectives. The training materials include the Jamestown series for reading versatility, supplemented by Bloomenthal, Wiley and McGraw/Hill materials. The staff also develops specialized supplementary materials to enhance their instructional activities. The staff tries to specialize, with one instructor focusing on math, the other on reading, although both are

responsible for both areas. The coordinator oversees the overall quality of instruction.

According to program staff, this instructional program has resulted in dramatic improvements: 80 percent of the enrollees have increased their reading skills by two grade levels in two months! Unfortunately, no independent evaluation corroborates this achievement.

Occupational Training

Both the George Washington University and the Capital Institute of Technology exhibit characteristics consistent with quality skill training programs. For example:

- Both had very close ties to the private sector and had solicited advice and recommendations in the process of developing curriculums.
- Both had consciously attempted to assign staff that would tailor their training activities to reflect private sector requirements closely.
- Both were able to identify quickly the barriers to successful completion of training offered to CETA clients and recommended and implemented the solutions to remove these barriers.
- Both were conducted by institutions which had educational activities as their major institutional focus.

Although the prime sponsor had established no formal mechanisms to insure the quality of skill training offered, each of these programs had developed its own mechanisms to ascertain the requirements of the private sector and to incorporate those requirements into the curriculum. Both had moved far beyond contractual requirements to supply supplementary supportive services needed by the clients to complete the training successfully. Both fully recognized that occupational skills alone would not enable trainees to obtain and retain unsubsidized employment.

Neither of these programs was contractually required to place the trainees upon completion of the course. Both, however, were active participants in the placement process, again as an unpaid supplement to the Servicer. By capitalizing on the involvement of employers throughout the training continuum, the trainers have developed responsive resources for job placement.

Because both training institutions provide educational activities as their major business, a valuable resource of experienced practitioners in curriculum development, testing, etc., is available on an as-needed basis to modify, improve, and redesign curriculums, teaching techniques and testing materials used by the CETA funded programs.

The George Washington University sponsored biomedical training program was spawned in the midst of a full-scale intragovernmental furor described earlier.

The full curriculum is developed around a work study model: two semesters in the classroom, one semester in a public or private sector field placement and the last semester back in the classroom. Each semester of work earns four credit hours. The students are required to use job search techniques taught in the course to develop a resume and secure their own paid field placement position for the third semester. This field placement in many instances leads to full-time unsubsidized employment upon completion of the course. The George Washington University has a strict attendance policy which entails a graduation requirement of 90 percent attendance during the course. In addition, if the student is absent 10 percent of the class period, he is considered absent for the entire period and forfeits his training allowance for the entire period! Counseling sessions around this policy focus on teaching students how to evaluate the important activities of life, and how to organize their time to complete those activities. After the third absence, the student

must have a conference with the program director before being readmitted to class. The program staff intends that the students transfer this discipline to other aspects of their lives.

The standards for admission to the program are extremely high and require a high school diploma or GED and demonstrated high math, reading and vocabulary levels of achievement. It is little wonder that the Montgomery County prime sponsor had to screen 1100 applicants to find 33 for the biomedical technician course!

During the fall 1979 semester, GWU enrolled a number of foreign-speaking students. In recognition of their special needs, the trainer requested and received a contract modification from the prime sponsor to provide 10 hours per week of ESL tutoring on a one-to-one basis.

Thus, incrementally, this training program was approaching the total service package that is of maximum benefit to the CETA enrollee. However, because of the extremely high entry requirements, a very select sector of the CETA-eligible population receive this high quality service package.

The Capital Institute of Technology (CIT) is a recognized technical institution which provides accreditation from the certificate level through college degrees in electronics. It is located in the Gaithersburg/Rockville corridor along Route 270 which, as described earlier, is one of the fastest growing electronics markets in the country.

Time is allotted for students to work on individual or team projects in the laboratory facilities. The students are able to explain in precise technical terms the purpose of their project, the methodology they are using and the results they expect. CETA enrollees also participate in tutoring sessions conducted in preparation for examinations. These sessions are conducted by a former student who is currently working

part-time while studying for her A.A. degree at CIT. The students exhibited a working knowledge of the technical terms employed in the electronics field and were eager to explain complicated electrical circuits to visitors.

Background investigation revealed that in early 1979, Wider Opportunities for Women (WOW) approached the Montgomery County prime sponsor asking for funding to emulate a program model previously funded by the DOL office of national programs in which "life instruction" was coupled with math, communication skills and occupational training. The model was intended to enhance the entry of women into non-traditional occupations. The prime sponsor agreed. A contract was negotiated with WOW that stipulated a third-party subcontractual role for the Capital Institute of Technology to fulfill the occupational training function. The contract language spells out WOW's oversight responsibilities for both quality of training and job placement, but the WOW staff interviewed appeared to be unaware of these responsibilities. Unfortunately, in the absence of a viable field monitoring system, the prime sponsor puts no real pressure on WOW to fulfill these significant responsibilities.

Motivational Training

Although Wider Opportunities for Women's role was described above in conjunction with the occupational skills training at CIT, the major thrust of WOW's involvement with that skills training program focuses on attitudinal change and motivational training. The techniques employed by WOW staff are individualized counseling and peer pressures as well as peer counseling. Interestingly, although the initial intent of the training program was to provide non-traditional training for women, only 31 percent of the enrollees are females. It appears that the passion for non-traditional jobs is often more fervent among professional ad-

vocacy groups and government agencies than among the potential bricklayers, truckdrivers, and electronic technicians!

The National Center for Economic and Community Development (NCECD) has extensive corporate experience in motivational team building and organizational development activities. The original design of its activities calls for agency staff and participants to spend the course time in a live-in facility—a hotel or condominium—where the degree of external interference can be controlled. This design had been modified for the Montgomery County CETA contract and had added job search “training.”

The structure of the course is devoted to individual and group exercises. Small group interaction is used extensively to facilitate a support system for the development of job search skills. “Personal Growth” planning is divided into three sections—past, present, and future. Exercises are tailored to develop a set of likes and dislikes, experiences and skills which will lead to a “job action plan.” Enrollees develop their own job descriptions and chronological and functional resumes.

The program staff stresses the “mentor” approach by its own instructors in the program, encouraging them to share their own life experiences with the participants. Problems developed by the participants are openly discussed in group sessions and group solutions are developed.

This program model and contractor were selected in direct response to the passage of the 1978 CETA amendments. The Montgomery County prime sponsor perceived that a “new” client group—perhaps less motivated than the prior caseload—would require additional massaging, but it has not integrated the program into any logical sequence in the training continuum.

Overall, the quality of the training offerings reviewed in the course of this study was generally superior. Training staff members among all subcontractors displayed good technical backgrounds as well as interpersonal skills. Moreover, they seemed acutely aware that their responsibilities were to train for employment. Their major frustration was the lack of information about what happened to "their" enrollees after they completed their training course.

Curriculums were developed with a sensitivity to the needs of participants as well as the labor market. Few "canned" programs were noted, and a great many innovative enrichments were being developed during the training period.

Technical equipment was modern, affording trainees the opportunity to learn skills that were immediately transferable to the work place. Much of the equipment used by trainees had been donated by the private sector, which appeared interested in hiring the most successful trainees.

The major weaknesses are now being corrected. Few sequential links were noted among and between program components, to enable an enrollee to move smoothly from an English as a second language class into an occupational skills program, for instance. And consistent feedback information is needed by all trainers so they can adjust curriculums based on the eventual employability of their trainees (not to mention the psychological rewards to trainers based on student success or vice versa). A major step forward would be more specific contractual documents which clarify expectations so both vendor and purchaser can assess performance. In addition, effective contract management, consistent field monitoring and program evaluation also await implementation. Full scale outreach activities to new target populations for the complete 1981 bill of fare were as yet untested. The

1980 partial freeze on new enrollments did not provide an adequate test of outreach to the structurally unemployed.

However, producing the accomplishments just described has been an all consuming task for the talented and experienced four top staffers who share 27 years of CETA and local government experience.

But the entire before and after study of the Montgomery CETA system and its often adversarial relationship with the Department of Labor raises issues that should be addressed before and during the CETA reauthorization debate.

Staff Development/Management Assistance Issues

No system, activity, or endeavor can succeed without qualified people at the helm who understand their mission and who have been trained to perform their task. The fabled high CETA staff turnover rates were not found in Montgomery County with the exception of one noteworthy wholesale top leadership change in 1979.

But there is ample evidence that the gyrations in national manpower policy have overtaxed the administrative capabilities of a young decentralized system. It must be remembered that the system was barely six months old when Title VI, the first expanded Public Service Employment activity, was legislated by the Congress and implemented in a rather taunting style by the Department of Labor. ("Decentralization is being tested. Deliver or else.") The system was barely three years old when the economic stimulus package came forth in mid 1977, tripling resources and quadrupling paperwork. This was followed by the CETA amendments of 1978 which, as mentioned before, mandated complex management and monitoring systems, sharpened the focus on target populations and put limits on program design op-

tions. With virtually no outside technical assistance sponsored by the federal authorities, indeed with intermittent harassment, it has been very difficult to develop local expertise to handle responsibilities of this scope. Whatever institution building and staff development that has occurred has been almost completely self-generated and self-nurtured.

CETA staff desperately needs a support system. Prime sponsor associations are gaining strength. They are taking an increasing interest in mounting prime-to-prime assistance efforts. An encouraging development has been solid support for this development from the new Office of Management Assistance (OMA) in DOL's Employment and Training Administration. There are offers to cover travel costs and in some cases, per diem, for traveling "helpers." Many prime sponsor associations are brokering the requests for assistance and the offers of help. This is an encouraging development but it alone obviously will not meet the challenge of management capacity building for the long haul. Nor is it intended to do so.

It must be supplemented by intensive management training for the CETA system decision makers delivered by, and if possible through the auspices of experienced prime sponsor staff. Those institutional grant university programs that have matured since their early DOL funded experiments might be linked to form a national academic resource network. New prime sponsor directors, often hired in crisis, must be oriented and thoroughly trained in this most complex and quixotic planning and management activity—called the employment and training system.

Certainly some local environments may be more hospitable than others for producing, attracting and retaining the kind of quality staff needed. Local political stability is an important plus. The dilemma of close affiliation between the CETA director and a chief elected official and the

resultant possible loss of dual leadership at the polls has caused serious problems of instability in some prime sponsorships. On the other hand, many strong prime sponsor directors have managed to so professionalize themselves and their CETA operations that they have withstood two and three political changeovers of mayors, county executives, and governors.

Thus, a top priority for the CETA system must be the implementation of practical and workable interventions to orient, train, assist, and support local managerial capacity. That is the heart of the system (and it is no place for the fainthearted), and that is the kind of capacity least likely to buckle under arbitrary political or administrative meddling.

Intergovernmental Relationship Issues

It has been suggested sometimes in jest that a massive intergovernmental personnel exchange (IPA) program should be instituted for federal representatives, midlevel Washington bureaucrats, and prime sponsor staff. The time has come to think seriously about this. Thoroughly non-conversant with the prime sponsor system other than by anecdote, many staff in the Washington headquarters and the 10 regional offices of the Department of Labor have a deep seated distrust of and disregard for the capabilities of the local partners. The Montgomery County \$400,000 caper is a classic case in point. Slower than planned enrollments and expenditures in the newly targeted Title II-D public service employment programs created a potential "excess" carryover of dollars into the following fiscal year. In an attempt to forestall reallocation, the prime sponsor entered into a contract with a local university for a sophisticated and expensive technical training program. Some 1100 applicants were screened to produce 33 eligible trainees! Although the previously mentioned rescue mission finally bailed out the

prime sponsor, serious intergovernmental issues and questions remain:

1. Why was the local government so unresponsive to the legislative mandate of Title II-D—the creation of public service jobs to reach Montgomery County’s structurally unemployed?
2. Why was the absence of fiscal controls and monitoring of enrollment levels tolerated for so long by all levels of government?
3. Why did the regional office accept a prime sponsor’s plan that showed no expenditures or enrollments projected in the first quarter of the fiscal year and then retort with a threatened deobligation three months later?
4. Why did the regional office offer no clear explanations to the prime sponsor of the difference between expenditures and obligations in computing carryover funds? If such an explanation had been forthcoming in July 1979, the prime sponsor may not have proceeded to develop a contract committing the funds in question.
5. How much staff time and energy was wasted and how much aggravation and *diversion from requisite duties* was created at all levels of government over protracted period on matters that could and should have been resolved by reasonable people willing to negotiate a sensible solution in a 2-hour meeting?

In fact, the national and regional levels have little perception of interdependency in the CETA system. Interdependency implies trust, responsibility, and capacity to deliver. Because there is basic distrust of the locals, the federal and regional attempts to monitor and manage the system can most charitably be described as overkill.

Each side of the partnership needs exposure to the other’s perspective. Policy decisions are being made with little con-

cept or sensitivity to the problems of implementation. Reporting requirements are becoming more complex. Program requirements are becoming more specific. For example, in regard to proposed new youth legislation, there is serious talk of requiring every employability plan for every youth to be updated every month—and somehow report all this nationally. Even if it could be done (and obviously it can't), what would anyone at the regional or national office do with such information?

Federal officials desperately need a refresher course in high school "civics." At the same time, local prime sponsors need to be informed and sensitized to the deliberative processes of the Congress, the pressures from the Office of Management and Budget (OMB), and the internal workings of the Department of Labor.

This interchange should be thought through, institutionalized, and implemented in a systematic manner. In every case in which it has already taken place, greater understanding has resulted. But it needs to take place on a wider scale and in a sustained manner if it is really to affect policy development.

Intergovernmental Management Issues

By legislation, limited percentages from each CETA title grant can be earmarked for an administrative cost pool. Generally, staff paid from this administrative cost pool perform the planning, evaluation, monitoring, reporting, and managerial functions of the prime sponsorship. Because the *percent* of dollars available for the pool is fixed, the larger prime sponsors have a significantly larger resource pool for the requisite planning, administrative, and managerial functions. Conversely, small prime sponsors with the same management and reporting requirements have a very shallow administrative resource pool to draw from.

Some analysis of resource distribution provides interesting insights. In fiscal year 1980, Title II-B allocations were distributed among city and county prime sponsors as follows: (balance-of-state prime sponsors not included)

- 77 percent received less than \$5 million,
- 8 percent received between \$5 million and \$10 million,
- 2 percent received over \$10 million.

Similar configurations were found in the distribution of funds among city and county prime sponsors for public service job creation. In Title II-D:

- 75 percent received less than \$5 million,
- 11 percent received between \$5 million and \$10 million,
- 3 percent received over \$10 million;

and in Title VI:

- 82 percent received less than \$5 million,
- 5 percent received between \$5 million and \$10 million,
- 1 percent received over \$10 million.

Regions I, VI, and X had no prime sponsors funded at the higher levels, excluding balance-of-states, which are a special management problem.

This distribution means, for example, that in fiscal year 1980 Montgomery County had an administrative cost pool of under \$1 million. The Baltimore Consortium had an administrative cost pool 10 times that, and New York City's pool is almost 10 times Baltimore's.

The point of this exercise is to illustrate rather dramatically where the dollars are to deal with the inordinately complex CETA management system. Those dollars are concentrated in a very small percentage of the prime sponsorships. Yet the demand for data, for the complex cross-tabulations, for weekly, monthly, quarterly, and *ad hoc* reporting, for multiple plans, for endless modifications, etc., etc., are laid out

monolithically upon the system as if there were a uniform level of resources available to produce the response. This situation is totally unrealistic and yet largely unrecognized.

This monolithic set of demands and requirements imposed on a very diverse set of prime sponsors has been the source of continued havoc and has often had an effect diametrically opposed to its intent. With limited resources, as the focus shifts to regulatory compliance coupled with the new focus on audit and liability responsibilities, sponsors may well reduce the attention paid to training policy and implementation. Even talented staffs have limits on energy and creativity. The signals they are receiving from the Congress and from the Department of Labor are not addressing quality of training.

The need for information and the responsibility for oversight is fully acknowledged. But new procedures must be developed. A scientifically designed sample of larger prime sponsors and a set of smaller prime sponsors could be funded to provide the requisite cross-tabulations and detailed reporting, thereby relieving the rest of the system from this crushing burden. Undifferentiated management requirements and continued adversarial relationships are slowly strangling the decentralized CETA system.

Decentralization Issue: How Much?

Decentralization under CETA transferred the management of thousands of manpower service delivery contracts from the DOL's regional offices to prime sponsors (political subdivisions of at least 100,000), freeing the regional office network of DOL to manage just the 470 odd prime sponsor grants. Theoretically, this change should have resulted in a responsive, streamlined, accountable system. The Montgomery County case study produced much evidence to indicate that the DOL has *not* developed this kind of respon-

sive, consistent grant management system. Protracted debates and adversarial negotiations such as described in this Montgomery County story are not exceptions.

Unfortunately, the side, but important, effect of these bitter encounters that is often overlooked, is the serious diversion of staff attention, energies and time at every level of government from significant planning and management duties. These diversions are costly. Pressures build. Staff morale suffers. Turnover results. Important tasks like training the disadvantaged unemployed to become self-sufficient are often neglected in order to mobilize additional evidence for the issue at hand, thus sowing the seeds for additional future problems.

Equally at issue is the number of prime sponsors (growing every year) and the most practical and cost effective administrative mechanism to manage this system. The federal government demonstrated its inability to manage the old federal system with over 10,000 contracts. It is under fire for its non-management of the quasi-federal/state employment service system. As it now functions, the intergovernmental CETA system is a bottlenecked system literally choking on the paper it generates. Nevertheless this observer would not vote for a refederalized system.

States, for the most part, have not distinguished themselves with their balance-of-state prime sponsorships, nor have Governors displayed much interest in employment and training strategies. States have shown a remarkable ability to create new layers of red tape and to require bureaucratic high jumps in their administration of the Governor's 6 percent CETA vocational education grants. In fact, Montgomery County's sole reason for negotiating with the State of Maryland's manpower office was its desperate need for additional training funds. But the arbitrary and rigid procedures established by most states discourages many

prime sponsors. So there will not be any vote here for consolidation under state government.

But it is fairly obvious that individual contiguous subdivisions operating in the same labor market should be administering their grant as one. The previously described complex administrative systems put in place so laboriously by Montgomery County staff to serve only 500-600 enrollees raises serious questions about cost effectiveness of the present decentralized design. Certainly, these systems could serve neighboring Prince Georges County as well (at a minimum). Instead, a new Prince Georges County prime sponsor director is trying to learn the ropes and reinvent the management wheels for his subdivision. Suggesting a total Washington-SMSA consortium involving three separate authorities—Maryland, Virginia and the District of Columbia—would probably be too radical in the current political climate.

However, if consortia were actively encouraged as a matter of policy, clusters of counties, and city/county combinations would emerge that could probably reduce the number of prime sponsorships significantly. For the first six years, as the number of prime sponsors grew from 402 to 475, the DOL has been totally neutral in the face of consortia formation and dissolution. This is to suggest that a policy change is warranted in this area. Consortia should be actively encouraged. Incentive bonuses of at least 20 percent should be guaranteed and transmitted at the beginning of the grant year. Bonus payments have ranged from a high of 10 percent to a low of 2 percent over the first six years of CETA. Consortia bonus funding often arrives 10 months into the fiscal year. When consortia threaten to dissolve, the DOL should play the role of active arbiter, seeking to redress grievances and assuage political egos. The payoffs could be high. A significant reduction in the number of prime sponsors means fewer master plans and fewer annual plans to produce and

read, and fewer modifications to process, and fewer numbers of reports to complete. The potential impact on the paperwork crush is tantalizing.

In addition, there are cogent cost effective indicators that speak to prime sponsor mergers. We have mentioned the effect on management systems, and on the plans/modifications and requisite reports. The choice of vendors and the contracting process are another area of potential benefit. Often neighboring prime sponsors contract with the same vendor, paying double administrative costs and fielding double monitoring teams. One contract, with a larger number of enrollees monitored by a single unit, would obviously be more cost effective and efficient.

Private industry councils are strong advocates of labor market planning and operations, recognizing access to broader job markets for applicants and a broader labor pool for employers. The trend toward multijurisdictional PIC's speaks to the logic of a free flowing supply and demand manpower system.

Accountability Issue: Whose?

The decentralized/decategorized CETA concept was intended to allow local elected officials, supposedly most familiar with local labor market needs and local unemployment problems, to put together programs (with federal funds) to help address those needs and problems. It was and is intended that local officials be held accountable for results. But over the first six years, federal intervention has increased markedly, as indicated in the following directives: "If job placement is underway, use the services of your local Employment Service." Montgomery County's funding was help up until an agreement with ES was produced. "If services are to be contracted out, give priority to community-based organizations"; ". . . if 'job creation (PSE) is con-

templated, get union approval of every job . . . and don't forget to meet with your planning council at least five times a year, your youth council everytime a youth activity or contract is contemplated and your private industry council for approval of all Title VII expenditures (and a good look-see at other titles' expenditures as well." To top it off, the local elected official is held responsible for any and all audit exceptions and disallowed costs encumbered by these newly enfranchised partners! It is time to stop playing political games with this decentralized system. If a decision is made to hold the local elected official accountable for funds and outcomes, then he must be allowed to choose his instruments for local policy implementation based on *locally demonstrated effectiveness*. The CETA system has been overly *tinkered* with to suit every special interest group. As stated at a recent Governors' conference, "A rather fanciful form of federalism has emerged . . . it has produced a situation where no level or set of officials is performing the functions it is best suited to perform."

Formula Funding Issue

The political price paid for the passage of CETA was guaranteed funding for every political subdivision, rich or poor, with 100,000 residents or more. This obviously diluted the impact that limited dollars could have on seemingly limitless needs. But just as current talk of a new reindustrialization policy implies targeting and supporting key industries for expansion and growth while acknowledging that others may fade, so we may need to develop the political courage to rework the CETA formula to maximize the impact of scarcer dollars on geographic areas of greatest need. It may be less of a problem than in the early years, now that local officials have experienced the nightmare of CETA management problems, funding uncertainties, and audit problems. Some prime sponsors are voluntarily relinquishing

funds. This may be a propitious time to rework and retarget the funding formula.

Expansion Issues: CETA and Economic Stabilization

As described earlier, most of the changes and expansions imposed on the CETA system exposed the fragility of the management structure. In addition, these changes were in response to immediate national economic problems; the recession of 1974 created Title VI; the lingering aftermath of the recession produced the economic stimulus package of 1977. However, national policymakers have failed to consider the time required to develop absorptive capacity at the local level. Adequate leadtime is an absolute necessity if a quality product is desired. The responsive training infrastructure that has developed in the CETA system is capable of expansion, without buckling. Montgomery County sees its greatest potential need in vocational English as a second language and regards its primary deliverer, the Montgomery County schools, as capable of handling a quintupled enrollment! The new set of relationships with the private sector, immeasurably enhanced by the private industry council (PIC), has just begun to supply new training capacity that the Montgomery County staff feels could absorb at least doubling of resources in Title II-B (comprehensive manpower service) and Title VII (private sector initiatives).

However, several administrative policies constrain CETA-funded training activities from their maximum use as a tool for increasing productivity. First of all, current performance indicators (soon to be standards) measure cost effectiveness in very gross terms. Total expenditures divided by total numbers who "enter employment" equal costs per placement. Obviously, this provides little incentive for long term, highly skilled occupational training. It also provides no en-

couragement for the prime sponsor to seek out the most disadvantaged groups and expose them to a sequential array of costly training ranging from remedial education, survival skills and motivational reinforcement to skill training. The short term "quick fix" for the most employable groups within this target population will give the prime sponsor highest marks on the current report cards.

A second issue closely related to CETA as a tool for increasing productivity deals with the overly cautious attitude in the Congress and the Department of Labor in regard to subsidies for the private sector. On-the-job training and upgrading training are the primary tools for interfacing with the private sector. Yet both of these program areas are overlaid with legislative and administrative constraints that prevent their reaching their full potential. For example, upgrading assistance can be offered only for entry-level, deadend jobs. A policy decision is needed that speaks to increasing productivity at all levels. Flexibility is needed for on-the-job training reimbursements that recognizes the 100 percent loss of supervisory productivity during the early weeks of training for inexperienced workers in many occupations.

The experience of the Montgomery County CETA system, reinforced across the nation, underscores the largely untapped training potential in the private sector, if *reasonably* unfettered by excessive regulation.

Conclusion

In concept and in original design, the decentralized CETA system was expected to meet the employability needs of local citizens by determining local labor market needs and assembling a mix of activities delivered by competent local actors. The Department of Labor, charged with oversight, had responsibility for training its field representatives,

establishing accountability measures and assisting the new prime sponsorship system in creating appropriate management systems.

As documented in this study and elsewhere, all has not gone strictly according to plan. But much of significant value has been accomplished in six years.

Constructive and productive training activities and management systems are in place throughout the CETA system. There is a growing body of talented, experienced managers and operators. There is growing recognition within the leadership of DOL/ETA that intergovernmental management and communication systems must be dramatically improved and that management assistance to prime sponsors is of highest priority. The Congress gave birth to a decentralized manpower system over six years ago. To date, where strong local management and training capacity exists and flourishes, it appears to be an accident of birth, not planned parenthood. The issues for the 1980s that emerge from this study focus on more consolidation at the local levels, clearer definition of roles between the "feds" and the "locals," simplified intergovernmental management systems that encourage the focus on quality training, and building and supporting local management capacity.